



PHARE *Estonia*

1993 INDICATIVE PROGRAMME SUMMARY

The Beginning: Helping Estonian Institutions



The Community formally recognised Estonia's independence in August 1991. Assistance worth a total of 14.6 million ECU has been committed since the signature of the Framework Agreement in December 1991. 4.6 million ECU came from the 1991 TACIS (formerly TAUSSR) budget and 10 million ECU from the PHARE 1992 budget. In addition, food aid, mainly in the form of cereals imports, has been provided to Estonia at a cost of 21 million ECU. A balance of payments loan of 40 million ECU has also been offered.

Over 85% of the 14.6 million ECU's worth of assistance has been programmed to help strengthen the capabilities of key institutions, such as ministries and governmental agencies. This assistance is essential to allow these institutions to undertake policy and legislative reforms and to develop, coordinate, and monitor the delegated execution of agreed reforms at national and enterprise levels. The remaining resources were allocated to TEMPUS and to a small start-up loans scheme for SMEs.

Five key sectors were thus identified as requiring priority PHARE assistance: agriculture, privatisation and restructuring of state enterprises, banking and finance, SME development and central aid coordination. These sectors received over 70% of the total aid given so far. Smaller amounts were allocated to energy, the environment, transport and to public administrations, particularly in the fields of labour markets, social security, customs and statistics. Where appropriate, this has been provided to complement and reinforce initial technical assistance given from regional programmes extended to Estonia during 1992, namely customs and statistical services, environment (through the environmental initiatives taken by the Council of Baltic Sea States) and TEMPUS.

Future Priorities

Building on the experience gained in 1991 and 1992, the government has decided that priority for PHARE assistance should be given to the following general strategic areas in 1993 and 1994:

1. economic development;
2. public administration reform;
3. human resources development;
4. social safety network;
5. environmental protection; and
6. the reinforcement of democratic principles and civic dialogue.

Phare Assistance: '93 to '94

For 1993/94 the government has identified the following key sectors within the general strategic priorities:

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 Commission of the European Communities, 200 rue de la Loi, B
 - 1049 Brussels

1. **Economic development:**
 - fiscal reform;
 - revenue collection;
 - auditing/accounting development;
 - banking reform;
 - restructuring and privatisation of state enterprises;
 - support to new private businesses, particularly SMEs;
 - agricultural/rural development; and
 - the development of infrastructure and the promotion of efficiency in key sectors, such as energy and transport.
2. **Public administration reform:**
 - the reform of public administration at both central and local levels, including civil service reform and training; and
 - the development of key services and procedures for reform (eg customs; statistical services).
3. **Human resources development:**
 - Educational reforms;
 - the development of R&D and technology transfer capabilities supporting economic reform and innovation, particularly at enterprise level; and
 - Business management training.
4. **Social safety network:**
 - Strengthening of the labour market and social security systems; and
 - Health care;
5. **Environmental protection:**
 - Institutional strengthening in policy, legislative and regulatory areas; and
 - the development of financial facilities (eg Environment Fund) to fund the implementation of policy and project objectives such as clean-up priorities or the development of sustainable resources
6. **Democratic principles & civic dialogue:**
 - to reinforce the responsiveness of local government to democratic influences and improve accountability.

PHARE assistance for Estonia in these 1993 priority areas (excluding assistance provided through multinational measures such as TEMPUS or democratic dialogue) will be aggregated into a General Technical Assistance Facility (GTAF).

1993 Funding

To support the priorities identified above, the Commission has allocated 12 million ECU to Estonia under the 1993 PHARE programme.

Medium-term outlook

The Government has adopted the following objectives for PHARE assistance over the medium-term:

- the rapid elaboration and evolution of sustainable reform strategies in key sectors of the economy;
- the further development of the institutional and human resources needed to carry forward these reforms at Government and enterprise levels; and
- the reform of social security and other national resources to protect the livelihood of sections of the population most seriously affected by economic reforms.